



Minutes
Retirement Pension Committee
May 10, 2012
3:30 P.M.

The Retirement Pension Committee met on May 10, 2012 at 3:30p.m. in the Commissioner's meeting room of the Fayette County Administrative Complex, 140 Stonewall Avenue, Fayetteville, Georgia.

Committee Present: Allen McCarty, Commissioner
Jack Krakeel, County Administrator
Tony Parrott, Director of Water System
Wayne Hannah, Sheriff

Committee Absent: Allen McCullough, Fire & EMS Director
Connie Boehnke, Human Resources Director

Staff Present: Lewis Patterson, Assistant Human Resources Director
Lori Smith, Benefits Administrator

Retirement Representatives Present:

Jim Fallon, Senior Vice President, Morgan Stanley
Neal Kaplan, CFA Financial Advisor, Morgan Stanley
Chad Smith, Business Partner, Morgan Stanley
Darryl Hicks, Financial Advisor, Morgan Stanley

Steve Vaughn, President/Chief Executive Officer, GebCorp
Paul Bates, Regional Client Manager, GebCorp

Call to Order - Commissioner McCarty called the meeting to order.

Approval of Minutes - The meeting minutes for 02/09/12 were approved. Tony Parrott made the motion to adopt the minutes and Wayne Hannah seconded.

Old Business:

Core Bond SAGIC Rate

Jim Fallon reviewed the Core SAGIC Bond Rate of 4.05% with the committee.

Review of American Fund Growth Fund of America and INVESCO Van Kampen Small Cap

Growth

Neal Kaplan reviewed the performance of American Fund Growth Fund of America and INVESCO Van Kampen Small Cap Growth fund. Recommendation was made to replace funds with Mass Mutual funds.

A question was brought up during the last quarterly meeting as to the assets and number of participants in the American Fund Growth Fund of America and INVESCO Van Kampen Small Cap Growth fund. Mr. Kaplan stated:

	<u>401A</u>	<u>% Assets</u>	<u>% Participants</u>
American Funds Growth Fund Of America	413	7.98%	53.22%
Invesco van Kampen Small Co Growth	215	0.57%	27.71%
Total Participants	776		

	<u>457B</u>	<u>% Assets</u>	<u>% Participants</u>
American Funds Growth Fund Of America	400	6.70%	53.12%
Invesco van Kampen Small Co Growth	253	1.12%	33.60%
Total Participants	753		

Chad Smith went on to explain that while these two funds had not fallen below the 6 score rating on the scorecards, they have been watching them closely and numerous factors have been considered.

A recommendation was made to move assets out of these funds. Participants would be notified that their funds would be transferred to the recommended funds. The participant would have the choice of choosing another fund if they do not want to go with the recommended fund.

Jack Krakeel made a motion to have American Fund Growth Fund of America and INVESCO Van Kampen Small Cap Growth funds replaced with recommended Mass Mutual Funds/Oppenheimer Funds – seconded by Tony Parrott.

New Business:

Morgan Stanley Investment Performance Review

Chad Smith reviewed fund investment performance of the plan. He discussed global equity highlights.

In the first quarter, equities continued their fairly strong performance in the fourth quarter. The first quarter we saw the Dow up 8.8% and the S & P up about 12.6%. The NASDAQ with the help of Apple and some other stocks was up 18.7% for the quarter. Across the board, there was strong performance with all the economic sectors. However, Telecommunication Services and Utilities were the laggards falling 1.6% and underperforming. The Census Bureau reported that housing starts were up 1.1%, however demand for new homes in 2012 still remains weak. For the quarter, the unemployment rate fell from 8.3% to 8.2% in health care, manufacturing, and food services.

As a result corporate America is doing well and corporate profitability is at an all time high including net profit margins, and dividend yields have continued to improve.

Morgan Stanley Investment 1st Quarter Review 2012

Neal Kaplan reviewed the 1st quarter 2012.

Fayette County 401(a) Plan Highlights:

- The Fayette County 401(a) portfolio rose approximately 7.05% during the quarter ending March 31, 2012. This increase was 27 basis points more than the benchmarks gain of 6.78% on a weighted average basis over the same period.
- All asset classes posted gains in the first quarter.
- For the one year period, the Fayette County 401(a) portfolio rose 3.74%, or 22 basis points more than the benchmark's rise of 3.52%. The portfolio underperformed the benchmarks by 1.87% for the three year period, but outperformed by 0.85% over the five year period.

Fayette County 457(b) Plan Highlights:

- The Fayette County 457(b) portfolio increased approximately 7.35% during the quarter ending March 31, 2012. This gain was 28 basis points better than the benchmarks gain of 7.07% on a weighted average basis.
- All asset classes posted gains in the fourth quarter.
- During the quarter, the Core Bond SAGIC, asset allocation, fixed income categories and specialty funds outperformed their respective benchmarks, while large cap and small cap domestic equities funds underperformed.
- For the one year period, the Fayette County 457 portfolio rose 3.82%, 23 basis points better than the benchmark's rise of 3.59%. The portfolio underperformed the benchmarks by 2.05% for the three year period, but outperformed by 0.88% over the five year period.

Neal Kaplan reviewed the following:

- Fayette County Plan Diversification - Current Investment options
- Fayette County Plan Relative Performance
- Fayette County Plan Report Card
- Fayette County Plan Watchlist

There are currently no funds on the Fayette County Watchlist. During the first quarter, no actively managed funds posted scores below the level of 6. Supporting documentation and analytical review of these alternatives is provided in the comprehensive 1st Quarter Review Book.

2012 Actuarial Evaluation Review – GebCorp - Steve Vaughn

Steve Vaughn presented a review of January 1, 2012 Actuarial Valuation Report for the Fayette County Defined Benefit Plan.

The following were points of interest in reviewing the Actuarial Valuation Report:

- The Trustees of the Association County Commissioners of Georgia (ACCG) have revised the funding policy for determining the required contribution and recommended contribution.
- The required contribution and recommended contribution for the 2012 Plan Year.
- Highlights breakdown of the change in recommended contribution.
- The annual cost for the pre-retirement death benefit was suspended due to the growth of the reserves supporting the payment of these benefits.

Report Highlights for plan year 2012 – the recommended contribution decreased by 0.2% of this year's payroll. The primary sources of the change in plan cost were:

- The plan assets exceeded the funding liability.
- The reserves supporting the payment of the pre-retirement death benefits have grown to the point that it is not necessary to impose a cost for this benefit.

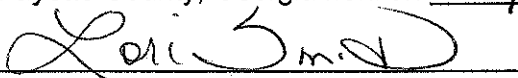
The plan's required contribution for 2012 is \$0 or 0% of compensation. Steve Vaughn stated that it is advisable that the recommended contribution continue to be made in order to ultimately achieve the targeted funding ratio.

The next meeting is scheduled for August 9, 2012.

Adjournment

Minutes prepared by Lori Smith,
Benefits Administrator

The minutes were duly approved at an official meeting of the Retirement Pension Board of Fayette County, Georgia held on 8/9/12


Lori Smith, Benefits Administrator